

Currently Effective Lease Provisions

Paragraphs 1 through 6, and 9 through 13 are from the 1976 lease.

Paragraph 7 is from the 1986 amendment.

Paragraph 8 is from the 1979 amendment.

1. That the said Lessor for and in consideration of the rents, covenants and agreements of the Lessee, as hereinafter set forth, does hereby rent, lease, and demise unto the said Lessee the following described premises:

All that certain piece, parcel or tract of land, with improvements thereon, situate, lying and being in Barnwell County, State of South Carolina, as shown on plat prepared by J. J. Foy, R.L.S., dated January 7, 1976, and, according to said plat, having the following metes and bounds, to-wit: Beginning at a point located on the North side of South Carolina Road S-6-53 at SRO Monument No. 129 and running thence North 38 degrees 15 minutes East for a distance of 669.5 feet to a point; thence North 38 degrees 15 minutes East for a distance of 20.5 feet to SRO Monument No. 128; thence North 10 degrees 10 minutes West for a distance of 4132.43 feet to SRO Monument No. 123; thence North 65 degrees 43 minutes East for a distance of 1303.73 feet to an iron pipe; thence North 66 degrees 18 minutes East for a distance of 1508.67 feet to an iron pipe; thence North 58 degrees 22 minutes East for a distance of 82.42 feet; thence South 05 degrees 35 minutes East for a distance of 99.87 feet to an iron pipe; thence South 38 degrees 08 minutes West for a distance of 2516.94 feet to an iron pipe; thence South 02 degrees 24 minutes West for a distance of 344.45 feet to an iron pipe; thence South 88 degrees 06 minutes East for a distance of 1811.86 feet to a pipe; thence South 04 degrees 09 minutes East for a distance of 2443.68 feet; thence North 86 degrees 23 minutes West for a distance of 168.6 feet to an iron pipe; thence South 27 degrees 29 minutes West for a distance of 1063.01 feet; thence North 84 degrees 49 minutes West for a distance of 308.67 feet; thence North 07 degrees 22 minutes East for a distance of 159.94 feet; thence North 76 degrees 05 minutes West for a distance of 223.58 feet to an iron pipe; thence North 84 degrees 08 minutes West for a distance of 614.75 feet to a point; thence North 64 degrees 06 minutes West for a distance of 570.31 feet; thence south 39 degrees 39 minutes West for a distance of 283.45 feet; thence South 27 degrees 22 minutes West for a distance of 363.95 feet to a point; thence North 70 degrees 46 minutes West for a distance of 98.66 feet to a point thence North 68 degrees 47 minutes West for a distance of 41.62 feet to the point of beginning, being SRO Monument No. 129.

Together with all the rights, privileges and appurtenances thereunto belonging.

2. To Have and to Hold the said premises hereby demised unto the said Lessee, its successors and assigns, for a period of ninety-nine years, commencing on the 6th day of April, 1976, and to terminate on the 5th day of April 2075, unless sooner terminated in accordance with the terms of this lease, at a yearly rental of \$50.00 per year, the first annual payment being due and payable upon execution of this lease, receipt of which is hereby acknowledged, and succeeding payments to be payable annually within ten days after the anniversary date of this lease. The rental payments

shall be payable in lawful money of the United States at the principal office of the State Budget and Control Board or as otherwise designated in writing by the Lessor.

3. The Lessee agrees that this lease shall not be assigned without the Lessor's written consent, which consent will not be unreasonably withheld. This lease may be assigned to a wholly owned subsidiary of the Lessee organized under the laws of the State of South Carolina. The State of South Carolina, specifically the Budget and Control Board and the Department of Health and Environmental Control must be notified prior to any assignment.

4. The Lessee agrees that it will not without the written consent of the Lessor, which consent will not be unreasonably withheld, sublet the premises or any part thereof or permit the use of the premises by any party other than the Lessee or a wholly owned subsidiary of the Lessee organized under the laws of the State of South Carolina. The State of South Carolina, specifically the Budget and Control Board and the Department of Health and Environmental Control, must be notified prior to any sublease.

5. The Lessee covenants and agrees that it will use the leased premises in all respects in accordance with the laws of the United States Government, the laws of the State of South Carolina, and also in accordance with the requirements specified in South Carolina Radioactive Material License Number 097 and all amendments thereto. It is expressly understood that the lessee shall comply with all requirements of the United States Nuclear Regulatory Commission, and the State of South Carolina, and applicable laws and rules as the same are promulgated and amended from time to time.

6. The Lessor or any person authorized by it shall at all times have access to the leased premises for all reasonable purposes including, without limitation, the protection of the health and safety of the public or of the employees, personnel, or contractors of the Lessee, for taking readings samples to facilitate research and taking readings or samples to gain information needed for the Lessor's promotion of nuclear industrial development, and for inspecting the premises and determining if the Lessee is complying with the obligations imposed by this lease.

7. The lessee understands that the storage and burial of radioactive waste requires perpetual surveillance and maintenance, and so long as it occupies the Site, the Lessee will undertake all surveillance and maintenance as required by all applicable laws, regulations and licensing requirements for the protection of the public health and safety. The Lessee further understands that if for any reason at any time it should default, or fail to comply with the terms of its license, or for any reason withdraw from the premises, the Lessor would be required to assume surveillance and maintenance obligations and pay the surveillance and maintenance costs. The Lessee, therefore covenants and agrees to pay to the Lessor, at quarterly intervals, the sum of \$2.80 for each cubic foot of radioactive waste buried at the Site beginning April 15, 1985.

The rate of payment may be renegotiated by the parties (a) upon written request of either party after January 1, 1989, with negotiations to begin not later than 14 days after the date of request; or (b) at any time, upon a determination by the Budget and Control Board that conditions surrounding the lease between Lessor and Lessee have substantially changed. In the event no request for negotiations is made by Lessor the rate shall continue at the rate then in effect. In the event that the parties have not concluded such negotiations with 45 days from the date of the Lessor's aforementioned request for negotiations, the Lessor, at its option, shall have the right, upon written notice to Lessee, to require the Lessee to make payments at a rate not to exceed \$3.25 per cubic foot beginning on the 45th day from the date of Lessor aforementioned request for negotiations and until the consummation of negotiations. In the event that the renegotiated rate exceeds the rate required to be paid as a result of the exercise of the Lessor's option until the effective

date of the renegotiated rate, but in no event later than 90 days from the date of Lessor's aforementioned request for negotiations.

The parties expressly agree that the escrow fund for perpetual care of the waste buried at the site established by the parties pursuant to an agreement dated April 21, 1971, and continued pursuant to the lease dated April 6, 1976, as amended, shall continue to be maintained and the payments made pursuant hereto shall be added to such fund. Interest earned upon said fund for perpetual care shall accrue to the fund.

In order for the Lessor to determine the accuracy of payments by the Lessee, the Lessor shall have access to and the right to examine any pertinent books, documents, papers, accounts and records of the Lessee involving operations on the leased premises. Lessee agrees to surrender all receipts and burial records to Lessor five years after the ending of the fiscal or calendar year to which the records pertain or within one month after vacating the Site.

The Parties further agree that upon expiration or earlier termination of this lease, all materials buried at the Site prior to such expiration or termination shall remain so buried and shall be thereupon the responsibility of Lessor, its successors or assigns.

8. The Lessee will not, without the Lessor's written consent, violate any of the terms and conditions of this lease; will not violate the terms of authorizing licenses issued by the South Carolina Department of Health and Environmental Control, the Nuclear Regulatory Commission or any other appropriate authority; will not use any part of the leased premises in a manner not in compliance with the covenants and purposes of this lease; and will not fail to comply with any applicable laws, regulations, and ordinances of the United States and the State of South Carolina. If any such violation, misuse or non-compliance occurs, the Lessor, upon giving the Lessee a reasonable time in which to effect good compliance and sixty (60) days written notice of its intention to terminate this lease, shall have the right to reenter and take possession of the premises, and lease the Site to a third party, at the option of the Lessor. in the event of changes in the laws or regulations applicable to the Site for disposal of radioactive waste which makes such continued operations by Lessee impossible or economically unfeasible, Lessee shall have the right to terminate this lease upon reasonable notice of not less than six (6) months to Lessor.

In the event of termination, nothing contained herein shall give rise to any claim by Lessee against Lessor under this lease, and the Lessor and Lessee may mutually agree upon Lessee's use of the Site for another reasonable purpose; provided, however, the Lessor and Lessee shall then enter into such agreements or amended agreements as will insure the continuation of the perpetual care fund established April 21, 1971, and continued pursuant to Paragraph 7 of this lease.

In no event shall Lessor be prevented from using the Site for storage and disposal of radioactive wastes and materials generated within the State of South Carolina or from entering into any agreement with a third party to dispose of such wastes and materials on any basis whatsoever.

In the event of condemnation of the Site by exercise of the power of eminent domain, this lease shall terminate as of the date title is taken. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for loss or damage caused by such condemnation, and the fair market value of the Site shall be determined as the value of the highest and best use for such property, including, but not limited to, the use of the Site for disposal of radioactive waste. Unless the State of South Carolina institutes legal proceedings to condemn Lessee's leasehold interest, Lessee shall not seek to claim loss or damage from Lessor for the loss of such interest. No

Composite Lease Agreement, Chem-Nuclear and the State of South Carolina

action by the State of South Carolina or any agency thereof, except condemnation by exercise of the power of eminent domain, shall be deemed a taking by the State of South Carolina.

Lessee specifically agrees to indemnify and hold harmless Lessor, its successors and assigns, of and from any and all damage, loss or liability for personal injury or property damage which may result or arise out of Lessee's operation of the Site, including, but not limited to, the payment of all reasonable fees and expenses incurred in the defense of any such claim made against Lessor by way of lawsuit or otherwise.

Lessee further agrees to cooperate fully with Lessor should any other claim be made against Lessor for any reason whatsoever; provided, however, that such cooperation shall not give rise to any pecuniary loss or expense to Lessee except as may arise as a result of a claim or suit against Lessee.

Neither this lease, nor any-term thereof, shall operate to restrain the Lessor, when acting in its capacity as Sovereign of the State of South Carolina, from fulfilling its responsibilities as Sovereign, including, but not limited to, a determination on the part of the Sovereign that a public emergency exists and that immediate State action is necessary.

Nothing contained in this lease shall be construed as a waiver by the State of South Carolina, acting through the Budget and Control Board, of its Sovereign Immunity.

9. The Lessee agrees that the Lessor's failure to insist upon the strict performance of any provision of this lease, failure to exercise any right based upon a breach thereof, or the acceptance by the Lessor of any rent during such breach shall not waive any of the Lessor's rights under this lease.

In the event of any dispute between the parties with respect to any of the terms or provisions of this lease or alleged violations thereof, such disputes shall be submitted to arbitration by a disinterested person to be known as the Arbitrator, who shall be appointed as follows:

Either party may give written notice to the other of a dispute, briefly describing it and requesting arbitration thereof. Each shall, within ten (10) days after receiving such notice, appoint in writing one disinterested party and these disinterested parties as appointed, shall, within ten (10) days of their appointment, choose the Arbitrator, who shall determine the matters in dispute forthwith; the or determination as made by the Arbitrator shall be final and binding upon the parties hereto respectively and their respective successors or assigns.

10. The matter of whether any alleged violation of this Lease is substantial enough to warrant its termination under the provisions of paragraph 8 hereof shall be a proper subject for decision by the Arbitrator as described above. In the event that the Arbitrator concludes termination of this Lease would be warranted under the facts of the matter, Lessee shall have a reasonable time after the Arbitrator's decision to effect good faith compliance prior to sending of the sixty days written notice of intent to terminate this lease. The Arbitrator shall specify the items at issue on which good faith compliance is necessary to avoid termination and a reasonable time for such compliance.

11. Any notices, demands, requests, consents, approvals, and/or other communications which may be or are required to be given by either party to the other under this Lease shall be in writing and shall be deemed to have been sufficiently given for all purposes when delivered or mailed by certified mail, postage prepaid. Notices to the Lessor shall be given by mailing to the Budget and Control Board, 205 Wade Hampton Office Building, Columbia, South

Composite Lease Agreement, Chem-Nuclear and the State of South Carolina

Carolina 29201 and to the Department of Health and Environmental Control, 2600 Bull Street, Columbia, South Carolina 29201. Notices to the Lessee shall be given by mailing to Chem-Nuclear Systems, Inc. , Post Office Box 1866, Bellevue, Washington 98009.

12. Execution of this Lease by Lessor and Lessee shall terminate and replace any presently existing Lease between the parties related to the premises described herein and shall terminate and replace that certain agreement between the parties dated April 21, 1971, under which an escrow fund for perpetual care of waste buried at the Site was established.

13. That the Lessee shall provide all hazard and fire insurance at its own proper expense on all outbuildings, fixtures and other personal property situate on the leased premises, with loss payable provisions in favor of the Lessee. The proceeds from any hazard or fire insurance shall be used by the Lessee to replace all or so much of said outbuildings, fixtures or other personal property as may be economically reasonable and feasible.